To: Chair Silver and Commissioners Brandt, Ortiz, and Wilson

From: Lindsey Nakano, Sr. Legislative Counsel

Subject: Legislative Update – March 2025

Date: March 3, 2025

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I. General Update

- As of the date of this report, 21 bills relating to the Political Reform Act have been introduced, including 8 Commission-initiated bills.
- Staff is continuing to reach out to and work with potential authors, other members, interested parties, and stakeholders, and to seek bipartisan support on Commission legislation.

II. Upcoming Legislative Deadlines

- Apr. 10 Spring Recess begins upon adjournment.
- Apr. 21 Legislature reconvenes from Spring Recess.
- May 2 Last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house.
- May 9 Last day for policy committees to hear and report to the Floor nonfiscal bills introduced in their house.
- May 16 Last day for policy committees to meet prior to June 9.
- May 23 Last day for fiscal committees to hear and report to the Floor bills introduced in their house.
 - Last day for fiscal committees to meet prior to June 9.
- June 2-6 Floor Session only. No committee may meet for any purpose except Rules Committee, bills referred pursuant to A.R. 77.2, and Conference Committees.
- June 6 Last day for each house to pass bills introduced in that house.
- June 9 Committee meetings may resume.
- June 15 Budget bill must be passed by midnight.
- July 18 Last day for policy committees to hear and report bills.

- Summer Recess begins upon adjournment, provided Budget Bill has been passed.
- Aug. 18 Legislature reconvenes from Summer Recess.
- Aug. 29 Last day for fiscal committees to hear and report bills to the Floor.
- Sept. 2-12 Floor session only. No committees may meet for any purpose, except Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees.
- Sept. 5 Last day to amend on the Floor.
- Sept. 12 Last day for each house to pass bills.
 - o Interim Recess begins upon adjournment.
- Oct. 12 Last day for Governor to sign or veto bills passed by the Legislature before Sept. 12 and in the Governor's possession on or after Sept. 12.

III. FPPC Priority Bills

1. AB 359 (Ramos) – Extension of Local Contracting Authority

Status: Referred to the Assembly Elections Committee

Short Summary: AB 359 would delete the sunset provision in the statute that authorizes the FPPC to contract with local government agencies, upon mutual agreement, to administer, implement, and enforce the agency's local campaign finance or government ethics laws.

Detailed Summary:

Existing law: Existing law authorizes the FPPC, upon mutual agreement with the governing body of a local government, to assume primary responsibility for the impartial, effective administration, implementation, and enforcement of a local campaign finance or government ethics law passed by the local government agency. Existing law includes a sunset provision that repeals this section on January 1, 2026, unless other legislation extends or repeals the sunset provision, and required the FPPC to submit a report to the Legislature on January 1, 2025, on the performance of any agreements entered under this section, which was timely submitted by the FPPC.

Current contracts: Pursuant to the authority in this section, the FPPC has one current contract with the City of San Bernardino.

Extend the authority indefinitely: AB 359 would delete the sunset provision, thereby extending the operation of the section indefinitely. The bill would also delete the expired reporting provision.

Clarify authority: Pursuant to the general authority granted to administer, implement, and enforce these local laws, the FPPC has interpreted the section to include authority to audit. For clarity, AB 359 would add explicit authority for the FPPC to conduct

audits with regard to the local campaign finance or government ethics laws.

2. AB 775 (Fong) – Behested Payment Reporting

Status: Introduced

Short Summary: AB 775 would require behested payment reports submitted by elected state and local officers and members of the Public Utilities Commission to be electronically filed directly with the FPPC. As an alternative to electronic filing with the FPPC, the bill would permit local elected officers to file directly with their local filing officer under the condition that the reports are posted publicly on the local agency's website. The bill would also alter the reporting deadline, create a new threshold for when a subsequent report is required to be filed for additional behested payments from the same donor, and codify two existing regulations.

Detailed Summary:

Existing law:

- Definition of behested payment: Generally, a "behested payment" is a payment requested or solicited by an elected official that is paid by one individual or organization to another individual or organization for a legislative, governmental, or charitable purpose.
- Reporting threshold for behested payments: An elected officer or member of the Public Utilities Commission (PUC) is required to submit a behested payment report when a single source (payor) makes a behested payment or payments at the behest of the elected officer or PUC member totaling \$5,000 or more in the aggregate in a calendar year.
- Reporting process and deadline: Elected officers and PUC members must file behested payment reports with their respective agencies within 30 days of reaching the reporting threshold. At the state level, the agency is then required to forward a copy of the report to the FPPC within 30 days. At the local level, the agency is required to forward a copy of the report to the local filing officer within 30 days.
- Subsequent reports: If an elected officer or PUC member submits a behested payment report for a payor, and that same payor later makes another behested payment in any amount in the same calendar year, the elected officer or PUC member must submit a subsequent behested payment report for that payor.

Reporting process, electronic filing: AB 775 would require behested payment reports filed by elected state or local officers or PUC members to be filed directly with the FPPC using the FPPC's electronic filing system for behested payment reports.

Reporting process, alternate option for local elected officers: As an alternative to electronic filing with the FPPC, AB 775 would permit local elected officers to file behested payment reports directly with their local filing officer if all behested payment reports for officers of that agency are posted publicly on the local agency website. Local electronic filing would also be authorized, and the bill would clarify that an electronically filed report is an original report.

Deadline for initial behested payment reports: AB 775 would alter the deadline for filing behested payment reports. Behested payments that meet the threshold of \$5,000 or more in the aggregate from a single source in a calendar year would be required to be reported within 30 days following the end of the calendar quarter in which that threshold was met.

Subsequent reports: AB 775 would require reporting of subsequent payments made after an initial behested payment report for a particular donor only after reaching an additional \$1,000 from the same donor in the same calendar year. These subsequent reports would also be due within 30 days after the end of the calendar quarter.

Codification of two regulations: AB 775 would codify two existing regulations, which specify additional information that must be reported on a behested payment report and permit a good faith estimate of the behested payment amount to be reported.

3. AB 808 (Addis) – Spot bill: Cal-Access Replacement System Clean-Up Bill

Status: Introduced

Summary: AB 808 is a nonsubstantive PRA spot bill that will be amended in the future to make clean-up amendments to sections in the PRA that become operative after the certification of the Cal-Access Replacement System by the Secretary of State.

4. AB 953 (Pacheco) – Spot bill: Foreign Interference in CA Elections

Status: Introduced

Summary: AB 953 is a nonsubstantive PRA spot bill that will be amended in the future to expand the existing prohibition on foreign contributions, expenditures, and independent expenditures to apply to foreign nationals.

5. AB 1029 (Valencia) – Disclosure of Cryptocurrency

Status: Introduced

Coauthor: Senator McNerney

Short Summary: AB 1029 would revise the definition of "investment" to include a "digital financial asset," as defined, for purposes of disclosure on the Statement of Economic Interests (Form 700) and the conflict of interest provisions.

Detailed Summary:

Existing law:

- Statement of Economic Interests: Existing law requires every elected official and public employee who makes or influences governmental decisions to submit a Statement of Economic Interest (Form 700). Generally, filers must disclose their financial interests, including investments, income, and interests in real property.
- Conflicts of interest: Existing law prohibits a public official from taking part in a government decision if it is reasonably foreseeable that the decision would have a material financial effect on one or more of the official's financial interests.
- Definition of investment: Under existing law, "investment" generally means any financial interest in, or security issued by, a business entity that is located in or does business in the jurisdiction that is worth \$2,000 or more. The FPPC Legal Division has previously determined that the existing definition of investment is too narrow to be interpreted to include cryptocurrency.
- Definition of digital financial asset: Under existing law in the Financial Code, "digital financial asset" is defined to mean a digital representation of value that is used as a medium of exchange, unit of account, or store of value, and that is not legal tender, whether or not denominated in legal tender, subject to certain exceptions.

Investments: AB 1029 would revise the definition of "investment" to include a digital financial asset, as defined in the Financial Code. As an investment under the PRA, digital financial assets would be subject to disclosure on the Form 700 in the same manner as other types of investments and could give rise to a conflict of interest if it was reasonably foreseeable that a government decision would have a material financial effect on the digital financial asset.

6. AB 1286 (Boerner) – Intent Bill: Disclosure of Prospective Employment

Status: Introduced

Summary: AB 1286 is a nonsubstantive PRA intent bill that will be amended in the future to require Form 700 filers to disclose arrangements for prospective employment on their Statement of Economic Interests.

7. SB 280 (Cervantes) - Contributions in State and Local Offices and Buildings

Status: Referred to the Senate Elections Committee

Short Summary: SB 280 would expand the existing prohibition on delivering or receiving contributions in state offices and office buildings to additionally apply to local government offices and office buildings and legislative district offices.

Detailed Summary:

Existing law: Existing law prohibits a person from receiving, personally delivering, or attempting to deliver a contribution in the State Capitol, any state office building, or in any office for which the state pays the majority of the rent other than a legislative district office.

Expanding the prohibition: SB 280 would apply the above prohibition to local government office buildings, provide that the prohibition applies to any office for which the state or a local government pays any rent, and strike the exemption for legislative district offices.

8. SB 852 (Committee on Elections and Constitutional Amendments) – PRA Bill Notifications

Status: Introduced

Short Summary: SB 852 would eliminate the manual notification requirement for PRA bills.

Detailed Summary:

Existing law: Existing law requires that the PRA may be amended by the Legislature if at least 8 days before passage in each house, or at least 12 days before passage in each house if the previous form of the bill did not amend the PRA, the bill in its final form has been delivered to the FPPC for distribution to persons who have requested that the FPPC send PRA bill updates.

Background: In accordance with that requirement, FPPC staff send manual notifications by email whenever a PRA bill is introduced or amended. Four individuals are currently signed up for this email list.

Legislative history: As of January 1, 2024, <u>leginfo.legislature.ca.gov</u> has an automatic notice function for changes to all PRA bills. This function is available to the public and a link to receive these notifications is displayed on the Legislative Information homepage. The alert must be sent no later than 9 a.m. the calendar day after the legislative action. SB 681 (2023) added this special notice function to Section 81012.5.

Manual notification: SB 852 would eliminate the manual notification requirement, linking the 8- or 12-day period described above to when the bill was printed, distributed to Members of the Legislature, and published on the internet, rather than when the bill was delivered to the Commission for manual distribution.

IV. Other Commission-Related Bills

9. AB 26 (DeMaio) – Intent Bill

Status: Introduced

Summary: AB 26 is a nonsubstantive intent bill that may be amended in the future to make substantive changes to the law. The bill states the intent to "enact legislation that holds elected officials accountable by prohibiting Members of the Legislature from accepting gifts or trading in individual stock, imposing a lifetime lobbying ban, eliminating exemptions for the Legislature from labor, workplace, and public record laws, and eliminating government pensions for local elected officials."

10. AB 351 (McKinnor) – Section 84308; Contributions to Agency Officers

Status: Introduced

Short Summary: AB 351 would increase the contribution limit in Section 84308 from \$500 to \$1,500 and would require that amount to be adjusted biennially.

Detailed Summary:

Existing law: Existing law prohibits certain contributions of more than \$500 to an officer of an agency by any party, participant, or agent in a proceeding while a proceeding involving a license, permit, or other entitlement for use is pending before the agency and for 12 months following the date a final decision is rendered in the proceeding, subject to specified exceptions. Existing law requires disclosure on the record of the proceeding of contributions above \$500 made within the preceding 12

months to an officer from a party or participant, or party's agent, and generally disqualifies an officer from participating in, or influencing, a decision if the officer has received an over-the-limit contribution during that time period.

History and recent legislation: Pursuant to legislation passed in 2024, the contribution limit described above was raised from \$250 to \$500, effective January 1, 2025. The original \$250 contribution limit was established in 1982, when the section was first added to the PRA.

Raising the limit: AB 351 would raise the contribution limit in the law described above from \$500 to \$1,500 and would require that amount to be adjusted by the FPPC each odd-number year to reflect any increase or decrease in the Consumer Price Index, beginning on January 1, 2027.

11. AB 465 (Zbur) – Spot Bill

Status: Introduced

Summary: AB 465 is a nonsubstantive PRA spot bill that may be amended in the future to make substantive changes to the law.

12. AB 884 (Essayli) - Prohibition on Contributions from Investor-Owned Utilities.

Status: Introduced

Short Summary: AB 884 would prohibit an investor-owned utility from making a contribution to a state candidate and would prohibit a state candidate from accepting a contribution from an investor-owned utility.

Detailed Summary:

Existing law: The PRA limits the amount of contributions that a state candidate may accept from a single contributor.

Contribution prohibition: AB 884 would prohibit an investor-owned utility from making a contribution to a candidate for elective state office and would prohibit a candidate for elective state office from accepting a contribution from an investor-owned utility.

13. AB 950 (Solache) - Campaign Advertisement Disclaimers; Larger Printed Ads

Status: Introduced

Short Summary: AB 950 would alter the requirements for disclaimers on larger printed campaign advertisements.

Detailed Summary:

Existing law: Existing law requires that print advertisements paid for by a committee, other than a political party committee or a candidate controlled committee, include specified disclosures that state, among other things, the payor of the advertisement and the ad committee's top funders. Existing law, for larger printed advertisements such as yard signs and billboards, requires that each line of the disclosure meet a minimum size requirement of no less than 5 percent of the height of the advertisement.

Size requirement: AB 950 would eliminate the minimum size requirement and would instead impose a maximum size requirement by prohibiting the disclosure from exceeding 5 percent of the total copy area of the advertisement for larger printed advertisements.

Website address: AB 950 would allow larger printed advertisements to satisfy the disclosure requirements by including a reference to an internet website where all of the information required to be disclosed is provided, instead of listing the information on the face of the advertisement.

14. AB 1370 (Patterson) - Prohibition on Nondisclosure Agreements

Status: Introduced

Short Summary: AB 1370 would prohibit Members of the Legislature from entering or requesting another to enter a nondisclosure agreement relating to proposed legislation.

Detailed Summary:

Prohibition on NDAs: AB 1370 would prohibit a Member of the Legislature acting in their official capacity from entering into, or requesting that another individual enter into, a nondisclosure agreement relating to the drafting, negotiation, or discussion of proposed legislation. The bill would make such an NDA entered into after the effective date of the bill void and unenforceable.

Exception: AB 1370 would create an exception to that prohibition for a nondisclosure agreement that prevents only the disclosure of trade secrets, financial information, or proprietary information.

15. SB 42 (Umberg and Allen) - Public Campaign Financing

Status: Introduced

Principal Coauthors: Senators Becker, Blakespear, and Stern, and

Assemblymember Lee

Coauthor: Senator McNerney

Short Summary: SB 42 would generally permit the use of public money for the purpose of seeking elective office under certain conditions and restrictions. The bill would also make an unrelated change in the PRA to increase the maximum penalty for violations of the foreign contributions prohibition. The bill would be subject to voter approval at the November 2026 election.

Detailed Summary:

Existing law, public campaign financing: Existing law prohibits a public officer from expending, and a candidate from accepting, public money for the purpose of seeking elective office.

Legislative and legal history: In 2016, an exception was added to allow public funds to be used for campaigns under specific conditions. The 2016 exception was challenged and was declared void and unenforceable by a Superior Court decision and affirmed by the Court of Appeals in 2019 as an improper legislative amendment of a voter initiative.

Eliminates the prohibition: SB 42 would strike the general prohibition on using public funds for the purpose of seeking elective office.

Earmarked funds: SB 42 would prohibit the use of public funds for the purpose of seeking elective office if the funds are earmarked by any state or local entity for education, transportation, or public safety.

Conditions for receiving public funds: SB 42 would require candidates to abide by expenditure limits and meet "strict criteria," set by statute, ordinance, or charter, to qualify for public funds. The bill requires that the criteria require candidates to demonstrate broad-based support in their district.

Prohibited use: SB 42 would prohibit public funds from being used to pay legal defense fees or fines, repay a personal loan to their campaign, or use of any source of funds to repay a personal loan to the campaign after the campaign ends.

Expenditure limits: SB 42 would authorize a statute, ordinance, or charter to increase the expenditure limits for each qualified, voluntarily participating candidate, subject to a specific restriction.

Prohibition on party, challenger, or incumbent preference: SB 42 would prohibit public funding statutes, charters, ordinances, and resolutions from discriminating based on party or according to whether a candidate is a challenger or an incumbent.

Enforcement: SB 42 would provide that the FPPC is not responsible for the administration or enforcement of a local system of public funding of candidates.

Existing law, foreign contributions: Existing law prohibits a foreign government or foreign principal from making a contribution, expenditure, or independent expenditure in connection with a state or local ballot measure or the election of a candidate to state or local office. Existing law provides that a person who violates this prohibition shall be guilty of a misdemeanor and fined an amount equal to the amount contributed or expended.

Increasing the penalty: SB 42 would provide that a violation of the foreign contributions prohibition is subject to a fine of, at minimum, the amount contributed or expended, or up to three times the amount contributed or expended.

Voter approval: The bill would be submitted to the voters for approval at the November 3, 2026, statewide general election.

16. SB 300 (Padilla) – Exception to the Conflict of Interest Prohibition

Status: Introduced

Short Summary: SB 300 would create an exception to the conflict of interest prohibition for public officials who receive income from a nonprofit organization under certain conditions.

Detailed Summary:

Existing law: Existing law prohibits a public official from taking part in a government decision if it is reasonably foreseeable that the decision would have a material financial effect on one or more of the official's financial interests.

Exception to the conflict of interest prohibition: SB 300 would provide that a public official does not have a disqualifying conflict of interest in a decision if the source of income is a nonprofit organization whose financial interest in a decision arises solely from an increase or decrease in membership dues.

Note: Staff are seeking clarification on the intended effect of this bill.

17. SB 321 (Cervantes) – Spot bill

Status: Introduced

Summary: SB 321 is a nonsubstantive PRA spot bill that may be amended in the

future to make substantive changes to the law.

18. SB 401 (Hurtado) – Intent Bill: Conflicts of Interest and Form 700s

Status: Introduced

Summary: SB 401 is a nonsubstantive intent bill that states the intent to enact subsequent legislation relating to conflicts of interest for all state employees and

officers.

19. SB 458 (Niello and Umberg) – Ballot Measure Titles, Summaries, and Financial Impact Estimates

Status: Introduced

Coauthor: Senator Ochoa Bogh

Short Summary: SB 458 would require the Legislative Analyst, instead of the Attorney General, to prepare the official summary of measures that will appear on the ballot, contingent on passage of similar proposed changes in the California Constitution.

Detailed Summary:

Existing law: The PRA includes requirements relating to the content of the state ballot pamphlet, including summaries and analyses of measures. The Legislative Analyst is required to prepare summaries of the general meaning and effect of "yes" and "no" votes on each state measure, and an impartial analysis of the measure, including a description of the measure and a fiscal analysis. The Attorney General is responsible for preparing the official summary for each measure.

Responsibility for the official summary: SB 458, as it amends the PRA, would require the Legislative Analyst, instead of the Attorney General to prepare the official summary of each measure.

Other changes in the Elections Code: The bill makes several similar changes in the Elections Code to require the Legislative Analyst, instead of the Attorney General, to prepare ballot titles and summaries for initiative and referendum measures.

Contingent on passage of a Constitutional amendment: The California Constitution imposes certain duties on the Attorney General relating to initiative and referendum petitions and measures. Another bill, SCA 3, would amend the California Constitution to impose these duties instead on the Legislative Analyst. The changes made in SB 458 would only take effect if SCA 3 also passes.

20. **SB** 760 (Allen) – Spot bill

Status: Introduced

Summary: SB 760 is a nonsubstantive PRA spot bill that may be amended in the future to make substantive changes to the law.

21. SB 817 (Choi) - PRA Intent Bill

Status: Introduced

Summary: SB 817 is a nonsubstantive intent bill that may be amended in the future to make substantive changes to the law.